

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re:

Case No. 14-41985

MIDTOWN DEVELOPMENT GROUP, INC.,

Chapter 11

Debtor.

Judge Thomas J. Tucker

_____ /

ORDER REQUIRING DEBTOR TO AMEND DISCLOSURE STATEMENT

On April 30, 2014, the Debtor filed a plan and disclosure statement, in a document entitled “Midtown Development Group, Inc.’s Combined Plan of Reorganization and Disclosure Statement” (Docket # 80). The Court cannot yet grant preliminary approval of the disclosure statement contained within this document (“Disclosure Statement”). The Court notes the following problems, which Debtor must correct.

First, in Paragraph 1.2.18 of the Plan on page 5, in the paragraph defining “Confirmation Order,” Debtor must delete the following language: “If the Plan is confirmed in accordance with Article 3.4.1, the injunction set forth in Article 3.4.1.4 reasonably described as required by Bankruptcy Rule 3020(c)(1).” This language is not a complete sentence; cites a Plan section that does not exist (Article 3.4.1.4); and appears to have been placed in this section and in this Plan by mistake.

Second, in Paragraph 2.1 of the Plan on page 11, regarding Administrative Claims, Debtor must state which claims are being treated in this group and estimate the amount of each claim (*e.g.*, Group I consisting of Allowed Administrative Claims, including attorney fees for Debtor’s former counsel Lieberman Gies & Cohen, PLLC in the amount of _____, Debtor’s counsel Schafer & Weiner, PLLC in the amount of _____, and Debtor’s real estate broker, Millichap Real Estate Investment Services in the amount of _____.)

Third, in Paragraph 2.2 of the Plan on page 12, regarding Priority Tax Claims, Debtor

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must state that “[t]he total amount of Priority [Tax] Claims is estimated at zero.” (*See* Paragraph IV.E of the Disclosure Statement on page 42.)

Fourth, in Paragraph 3.1 of the Plan on pages 14-15, which describes the treatment of the Allowed Secured Claim of A&G Cass, LLC (“A&G”), Debtor must state the value of the real property located at 4145-65 Cass Avenue, Detroit, Michigan 48201 (the “Property”), which is consistent with the estimated market value stated in Debtor’s liquidation analysis (Exhibit 3). Debtor also must state explicitly whether any portion of A&G’s claim in the amount of \$1,333,703.30 is unsecured, and if so, how much that unsecured claim is.

Fifth, Debtor must add a class in Article III of the Plan, which treats the Allowed Secured Claim of the Wayne County Treasurer in the amount of \$77,600.09 for real property taxes.

Sixth, in Paragraph 3.2 of the Plan on pages 15-16, treating the Class II Allowed Secured Claim of the Detroit Economic Growth Corporation (“DEGC”), Debtor must state the value of the Property which secures the claim, which is consistent with the estimated market value stated in Debtor’s liquidation analysis (Exhibit 3). Debtor also must state explicitly whether any portion of DEGC’s claim is unsecured, and if so, how much that unsecured claim is.

Seventh, Paragraph 3.3 of the Plan on pages 16-17, describing the treatment of the Class III Allowed Secured Claim of Mohamad Bazzi, is unclear. Debtor must state whether any post-confirmation interest is to be paid on this secured claim, and if so, must state the interest rate. Debtor also must state the number of monthly \$1,875.00 payments that will be made on this claim. In addition, Debtor must state the amount of the Mr. Bazzi’s total claim (without regard to the value of the collateral); estimate the value of the collateral which secures the Allowed Secured Claim of Mr. Bazzi (Debtor’s membership interest in Willys Overland, LLC); and state

whether any portion of Mr. Bazzi's claim is unsecured; and if so, the amount of such unsecured claim.

Eighth, in Paragraph 3.3.2 of the Plan on page 17, Debtor states: "the Debtor estimates that the total amount of Claims in Class III are \$34,738.84." But in Paragraph IV.F on page 42 of the Disclosure Statement, Debtor states: "The Debtor estimates that Unsecured Creditors are owed approximately \$188,738.84. A listing of the Debtor's Unsecured Creditors is on file with the Bankruptcy Court." Debtor must correct this apparent inconsistency.

Ninth, there appears to be a typographical error on page 28 of the Disclosure Statement, in the discussion of the "Improved DaVita Lease," where Debtor states when the current lease with DaVita expires. In the first paragraph on that page, Debtor says that the existing lease with DaVita "is scheduled to expire on December 31, **2015**" (emphasis added). But in the second paragraph on this page, Debtor refers to the "Existing Lease" as "scheduled to expire in **seven months**" (emphasis added). Debtor must correct this apparent inconsistency.

Tenth, in Debtor's Liquidation Analysis (Exhibit 3), the footnotes marked "***" and "****" each contain a last sentence that is incomplete. Debtor must correct this. In addition, Debtor must include administrative and other priority claims, and unsecured claims, in the liquidation analysis, and must make the liquidation analysis clear and understandable in a way that is relatable to 11 U.S.C. § 1129(a)(7)(A)(ii).

Eleventh, Paragraph VI.E of the Disclosure Statement on page 46 is missing some required language, and contains language that is not necessary in this case (concerning a case of an individual or husband and wife). Debtor must revise this Paragraph to state as follows:

E. Effect of confirmation

If the plan is confirmed by the Court:

1. *Its terms are binding on the debtor, all creditors, shareholders and other parties in interest, regardless of whether they have accepted the plan.*
2. *Except as provided in the plan and in 11 U.S.C. § 1141(d):*
 - (a) *In the case of a corporation that is reorganizing and continuing business:*
 - (1) *All claims and interests will be discharged.*
 - (2) *Creditors and shareholders will be prohibited from asserting their claims against or interests in the debtor or its assets.*
 - (b) *In the case of a corporation that is liquidating and not continuing its business:*
 - (1) *Claims and interests will not be discharged.*
 - (2) *Creditors and shareholders will not be prohibited from asserting their claims against or interests in the debtor or its assets.*

Accordingly,

IT IS ORDERED that no later than **May 7, 2014**, Debtor must file an amended combined plan and disclosure statement that is consistent with this Order.

IT IS FURTHER ORDERED that no later than **May 7, 2014**, Debtor also must file a redlined version of the amended combined plan and disclosure statement, showing the changes Debtor has made to “Midtown Development Group, Inc.’s Combined Plan of Reorganization and

Disclosure Statement” filed April 30, 2014.

Signed on May 3, 2014

/s/ Thomas J. Tucker

Thomas J. Tucker

United States Bankruptcy Judge